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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4106
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6149
RUEHBJ/AMEMBASSY BEIJING 3835
RUEHKO/AMEMBASSY TOKYO 3694
RUEHIT/AMCONSUL ISTANBUL 4393
RUCNDT/USMISSION USUN NEW YORK 1428
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4319
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS ASHGABAT 000097

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE/DSTARKS

E.O. 12958: N/A

TAGS: [ECON](#) [EPET](#) [PGOV](#) [EINV](#) [TX](#)

SUBJECT: TURKMENISTAN: GOVERNMENT CLAIMS GDP GROWTH; INCREASED
INTERNAL CONSUMPTION

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: On January 14, "Neytralniy Turkmenistan" newspaper published an article on Turkmenistan's economic development during the global financial crisis. The article provides statistical data for 2009 and claims that Turkmenistan managed to achieve more than six percent GDP growth during 2009. It emphasized that the country achieved this result by switching from raw materials exports to internal consumption. Turkmenistan's State Statistics Committee authored the article, which appeared the day before President Berdimuhamedov held a Cabinet meeting dedicated to a review of outcomes for 2009. END SUMMARY.

13. (SBU) The article starts with a short description of events leading to the global financial crisis, pointing out that the crisis originated in the U.S. as a result of the activity of "certain complicated financial structures," which do not exist in developing countries as a rule. The authors did not indicate whether they believe that the absence of these "financial structures" in developing countries such as Turkmenistan was positive.

14. (SBU) The article also asserts that an IMF mission, which visited Turkmenistan December 2-10, 2009, positively assessed Turkmenistan's economic policy during the crisis. The authors cite IMF Managing Director Dominique Strauss-Kahn as saying that emerging Asian economies are switching from exports to internal consumption to support local producers. The article states that Turkmenistan is a good example of an emerging economy that implemented this transition during 2009.

15. (SBU) In re-orienting the economy toward "internal consumption," the authors refer to projects financed through the country's own financial reserves as well as foreign direct investment (FDI). FDI amounted to 30 percent of total investment for 2009. The article did not specify the amount of investment for 2009, but indicated that 70 percent of total investment was directed to the production sector, while 30 percent went to the service sector. Among the

largest projects in the production sector were: the Turkmen section of the Central Asia-China gas pipeline project; the Kiyanly Liquid Petroleum Gas Terminal; the cotton-spinning factory in Turkmenabat, which is the largest in the country with a capacity of 17,700 tons of cotton yarn per year; and the Awaza Tourist Zone project.

¶6. (SBU) According to the article, construction, metal-working, chemical industry, textile, agriculture, and transportation sectors recorded growth in 2009. However, the article does not contain any information about the energy sector, which obviously declined in 2009, when gas production fell nearly 50 percent due to the suspension of gas exports to Russia.

¶7. (SBU) The article predicts continued positive economic growth for 2010, stating that the global economy will begin to recover. The authors assert that energy-exporting countries will have the highest growth rates in 2010. The article also states that the Turkmen economy's dependence on energy exports will decrease on the account of growth in Turkmenistan's agriculture, transportation, communications, construction, and textile sectors. The article also notes that Turkmenistan will invest \$12 billion in its national economy in 2010.

¶8. (SBU) COMMENT: The article tries to show that the Turkmen Government managed to keep its economy afloat while the global crisis severely hit the outside world. It is difficult to accept the six percent GDP growth reported for 2009, especially since the country did not ship gas to Russia for nine months. The government does not release detailed economic statistics and does not disclose its statistical methodologies for calculating Turkmenistan's GDP. Still, taken on its face, the government acknowledged that economic

growth in 2009 dropped below the 2008 level. Given economic conditions in the rest of the world during 2009, even the lower growth rate, if accurate, would be an enviable accomplishment. END COMMENT.

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